



Republic of the Philippines
DEPARTMENT OF LABOR AND EMPLOYMENT

Regional Office IV – B (MIMAROPA)
Oriental Mindoro • Occidental Mindoro • Marinduque • Romblon • Palawan
 3/F, CONFIL Building, Roxas Drive corner, Sampaguita St.
 Lumangbayan, Calapan City, Oriental Mindoro
 Tel. No: (043) 288-2078 • Telefax (043) 288-2080

**2014 COA Annual Audit Observations (Findings) and Recommendation with Management Comments and Actions Taken
 As of June 30, 2015**

COA Audit Observations (Findings)	COA Audit Recommendations	Management Actions Taken
<p>a. The balances of “Cash in Bank – Local Currency, Current Account” (1-01-02-020-00) as well as “Cash – Modified Disbursement System (MDS), Regular” (1-01-04-040-00) and the related liability accounts as of December 31, 2014 were understated by at least ₱35,104,068.35 due to the failure of the Accountant - Designate to restore the amount of cash equivalent to the total amount of unreleased checks contrary to the provisions of GAFMIS Circular Letter No. 2002-001.</p>	<p>We recommended that the OIC – Regional Director should direct:</p> <p>a.1 The Cashier - Designate to release the check only after she has verified that the payee or his/her duly authorized representative had properly acknowledged receipt of the same in the Warrant Register and on the DV. Also, require her to prepare and submit to the Accountant - Designate a schedule of unclaimed or unreleased checks at the end of every month and every time there is a cash count. In case of checks being endorsed to the Field Offices, ensure that the date endorsed is indicated in the Warrant Register and a file is maintained for the duly-received Indorsements and the copy of the duly-received DVs or payrolls, as the case may be.</p>	<ul style="list-style-type: none"> • The Cashier- Designate immediately comply, with the recommendation of the COA Auditor, to prepare a schedule of unclaimed or unreleased checks at the end of every month. • It has been the practice of the Office to prepare check endorsement, however in compliance with QMS, the Cashier- Designate religiously prepares and monitors the receipt of the “Deed of Endorsement”. However, the Office will do some improvements/safeguards as to its monitoring.



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	<p>a.2 The Accountant-Designate to:</p> <p>a. strictly comply with the provisions of GAFMIS Circular Letter No. 2002-001 and the proper treatment of reconciling items.</p> <p>b. adopt the two-column Bank Reconciliation Statement which shows the unadjusted balances per Bank and per Books, the reconciling items and the adjusted balances per Bank and per Books.</p> <p>c. promptly recognize the reconciling items in the books of accounts except for the interim adjustment (i.e., from January to November) of unreleased checks;</p> <p>d. satisfactorily explain, supported by valid/relevant documents, why no Bank Reconciliation Statement has been prepared for LBP Calapan Current Account No. 0502-1099-28 since January 2014.</p>	<ul style="list-style-type: none"> • The Accounting, for the start of the year, already used the two-column Bank Reconciliation Statement. • Complied. • Complied.
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<p>b. The subsidies presented in the Statement of Financial Performance totaling ₱184,903,055.99 was understated by ₱3,138,955.96 and the data re: subsidies received, reversion of unused/lapsed NCA, remittances of withholding taxes except thru TRA and collection of revenues as reflected in the Statement of Cash Flows did not tally with the related data in the source documents and in the Statement of Financial Performance thereby casting doubt on the accuracy of the subject financial statements.</p>	<p>We recommended that the OIC – Regional Director should direct the Accountant –Designate and the Chief, IMSD, to:</p> <p>a. Satisfactorily explain, supported by valid/relevant documents, how the subject discrepancies occurred and why the remittances of taxes withheld thru TRA totaling ₱2,545,453.55 was not considered as additional subsidy and also why no reversion of unused/lapsed NCA was reflected in the Statement of Financial Performance nor disclosed in the Notes to Financial Statements.</p> <p>b. Revise the Statements of Financial Performance and Cash Flows to reflect the actual figures per source documents.</p>	<p>After reviewing the FS, records show that the Region indeed recorded remittances of Php 2,545,453.55 as reflected in the SL-Subsidy Income from National Government. Reflected also is the reversion of lapsed NCA.</p> <p>The breakdown of our discrepancy are the following:</p> <table border="1" data-bbox="1390 812 2397 1128"> <thead> <tr> <th>Particulars</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>Remittance of Excess NCA received</td> <td>Php 3,147,997.45</td> </tr> <tr> <td>Cancelled check not credited back by the bank (Bank, part of LDDAP bugs)</td> <td>5,858.51</td> </tr> <tr> <td>IFT of the FY 2014 MOOE of NRCO Regional Coord. Covering travelling expenses, office supplies, Communication services and representation expenses</td> <td>(14,900.00)</td> </tr> <tr> <td>TOTAL</td> <td>Php 3,138,955.96</td> </tr> </tbody> </table> <p>Findings no. 1:</p> <p><i>1. The Notices of Cash Allocation (NCAs) and inter-agency cash transfers received in CY 2014 totaling ₱184,903,055.99 was understated by ₱598,233.58 as compared to the total NCAs and inter-agency cash transfers credited to LBP MDS Account No. 2050-9011-92;</i></p>	Particulars	Amount	Remittance of Excess NCA received	Php 3,147,997.45	Cancelled check not credited back by the bank (Bank, part of LDDAP bugs)	5,858.51	IFT of the FY 2014 MOOE of NRCO Regional Coord. Covering travelling expenses, office supplies, Communication services and representation expenses	(14,900.00)	TOTAL	Php 3,138,955.96
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		<p>As per review of the Auditors worksheet, there was an error on the part of the Auditor in adding receipt of Notice of Cash Allocation, Receipt of Interagency cash transfers of PHP 158,424,378.42 and PHP 26,478,677.57 respectively.</p> <p>Based on her total, the amount is PHP 185,501,289.57; should have been PHP 184,903,055.99 as reflected in our Financial Report.</p> <p>Findings No. 2:</p> <p><i>2. The revenues collected in CY 2014 totaling ₱373,243.73 were overstated by ₱64,713.73 as compared to the total revenues of ₱308,530.00 per Statement of Financial Performance. Considering that the revenues reflected in the Statement of Financial Performance should consist of those actually collected and those earned but not yet collected, the revenues reflected therefore in the said financial statement should be greater than what should have been reflected in the Statement of Cash Flows.</i></p> <p>In principle, cash flow represents all cash transactions of the Regional Office such cash received through NCA, NTA or collections and payments in a given period.</p> <p>Cash flows represent all collections regardless of its source such as refund of cash advances. Thus, amount reflected in the Statement of Cash Flow does not necessary always equal to Statement of Financial Position.</p>
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		<p>Findings No. 3:</p> <p><i>3. The remittances of withholding taxes except thru TRA in CY 2014 was overstated by ₱130,283.52 as compared to the Summary of Taxes Withheld net of TRA totaling ₱197,938.93</i></p> <p>After reviewing the remittances of withholding taxes, there were errors made due to the almost similarity of code of Accounts Payable (20101010) and Due to BIR (20201010).</p> <p>The following are some adjustments in the computation of tax remittances:</p> <ol style="list-style-type: none">1. Amount of PHP 133,855.55 was included in the computation of remittances should be payment of accounts payable.2. Amount of 2,087.15 and 1,203.12 were omitted.3. Amount of 13,408.04 were linked to remittance to BTR instead of BIR.4. Amount of 811.26 tax payment in February 7, 2015 for Check Nos: 1048437-1048438 were not included in the submitted schedule.5. There were check payment in MDS that were not also included in the submitted schedules, to wit:<ul style="list-style-type: none">• Payment of under-Tax remittance of CY 2013 amounting to PHP 26,052.00 thru check no. 341726, February 7, 2014)• Tax payment adjustment of Mr. Florante P. Maggay of PHP 22717.39 thru LDDAP-ADA Aug 12, 2014 with # 101101-08-010-2014.(Please see revised Cash Flow)
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	<p>c. Present the specific details of the “Accumulated Surplus” of ₱3,440,409.50 under the Cash Outflows in the Statement of Cash Flows.</p> <p>d. Trace the cause of the ₱0.10 discrepancy in the “Cash Provided by Operating Activities” in the Statement of Cash Flows.</p>	<p>Please see attached schedule of Accumulated Surplus.</p> <ul style="list-style-type: none"> The difference of P0.10 is caused by typographical error in preparing Statement of Cash Flows. Supposedly, the amount is PHP 652,436.42 (transfer of funds from MDS to SPES account), but was entered as PHP 652,436.52. Thus, the difference of PHP 0.10. <p>This error has no effect on the Financial Report of the Region.</p>
<p>c. The CY 2014 GIP/TUPAD allocation of ₱28,000,000.00 could not be matched with the GIP and TUPAD disbursements of ₱23,763,782.17 and ₱1,086,825.00, respectively, due to lack of breakdown of allocation for GIP and TUPAD. Further, the government’s</p>	<p>a. Considering that the GIP and TUPAD are two different programs of the DOLE and that the proper matching of their respective allocations against the related disbursements is necessary to determine whether the objectives of the programs were attained at a lower or higher cost and whether the disbursements exceeded the allocation for each program, and that the</p>	<p>The budget allocation for GIP and TUPAD downloaded to ROs is not specific. The implementation of these programs is dependent on the submission of proposals from the proponent. Hence, the target number of beneficiaries for GIP and TUPAD is based on the preference of the requesting parties.</p>



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<p>goal of inclusive growth through massive job generation and poverty reduction could have been achieved if a greater percentage of the CY 2014 lump sum allocation for GIP/TUPAD was disbursed for TUPAD rather than for GIP.</p>	<p>TUPAD, as one of the component programs of the DILEEP, is intended to achieve the government's goal of inclusive growth through massive job generation and poverty reduction, we therefore recommended that the OIC - Regional Director should make proper representation, through channels, with the DOLE Secretary as regards the specific allocations for GIP and TUPAD with the recommendation for a higher allocation for TUPAD.</p>	
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